

The Commercial

WINNIPEG, DEC. 5, 1882.

Commercial Effects of Anti-Disallowance.

It would be contrary to all past experiences to expect that during the present excitement preceding an election in Manitoba, champions of either party would calmly discuss the effect of disallowance or anti-disallowance upon the commercial affairs of the province or the Dominion at large. Such a course would be too practical to be effectual in arraying the voters of the province on either side, and would be but a slow if not useless process for stirring up that feeling of political bitterness which is indispensable to the politician in the conduct of a campaign. In the present feverish state of the country's trade however, it is necessary to view the question from a commercial standpoint, and such a view reveals great cause for anxiety, if not for alarm, among those whose hopes are based upon the commercial growth of the North-west. The politician may accept the fifteenth clause of the contract between the Dominion government and the C. P. R. Syndicate as the *Ita lex scripta est* of the whole question, or he may lay claim for absolute provincial authority in the matter of granting railway charters, but the business man requires to look ahead as to the effect of either course upon the country's commercial prospects.

In viewing this great question commercially it is safe to start from the axiom that the exceptional prosperity of the North-west is due mainly to the vigorous work of railway construction which has been carried on by the C. P. R. Syndicate and the perfect confidence which capitalists of the East and Europe have in the whole country, when its railway interests are in care of this same syndicate. The most vigorous opposers of the syndicate admit that the present North-western prosperity has its origin in the syndicate's efforts, and if any doubt existed upon that point, the past history of railway progress in Manitoba, and the hopeless attempts at the construction of a trans-continental railway by a Dominion government would not fail to carry conviction. To enable the C. P. R. Syndicate to maintain their vigorous work of railway construction they must be in a posi-

tion to secure funds in the best money markets in the world, and to secure the same upon the most favorable terms. It would not require a very heavy decline in C. P. R. bonds to cause the syndicate much trouble, and greatly hinder the work of construction. The present anti-disallowance movement has had more effect in that direction than most unthinking people are aware of. A few months ago money was begging investment in North-west landed mortgage, and at present funds for that purpose are by no means plentiful, while the rapid decline of last week in North-west Land Co. shares is a proof that distant capitalists are losing faith to some extent in the North-west as a field for investment; and it may be only a coincidence but it is rather a remarkable one, that this loss of faith progresses much at the same pace as the anti-disallowance movement in Manitoba. Capitalists who are prepared to employ their funds for the Canadian Pacific Railway construction do so upon the inviolability of the contract between the C. P. R. Syndicate and the Dominion, and look to the same for a return for their investments; and it must be remembered that the construction of a Canadian trans-continental railway was a scheme peddled for years through the leading money markets of the world, and floated in none until the present syndicate undertook the great work. The terms of the syndicate may be, and no doubt are a drawback in some respects to private railway enterprise in the North-west; but while the C. P. R. Syndicate have in less than two years added nearly 900 miles to the railway system of the country, as yet private enterprise has only added 85, although schemes have been gotten up and charters applied for, for nearly a hundred times that amount. In the question, therefore, of whether private railway enterprise or C. P. R. construction are to suffer, the man of commerce can really have no choice. But at the present time this question of disallowance is of much greater importance in another respect. The far-seeing and cautious business man cannot but see a very strong resemblance in the present commercial state of the country to that which existed about ten years ago. Then as now the whole commercial affairs of this continent had entered upon a state of inflation; then, as now, a great scheme of trans-continental railway construction was being carried

forward, namely, the Northern Pacific, and then, as now, the cry was loud against the great advantages given to the company constructing that railway by the American government. The following year 1873 can be well remembered and the panic which like a thunder-bolt struck and shattered the whole monetary system of America, carrying commercial destruction across the Atlantic and into Europe. And it was in connection with this same great scheme of railway construction that the panic of that year was ushered in. The firm of Jay Cooke & Co., the floaters of the Northern Pacific Railway, was the first great firm to topple, and with their fall came crash after crash of the great panic, the incidents of which are so well remembered by those who passed through it, that they need not be recounted.

We have no desire to be classed with commercial alarmists, nor have we much belief in the wild forebodings of commercial disaster which are now circulated over this continent; but we do assert the resemblance between the present state of commercial affairs and that which existed ten years ago, and we do assert the possibility of a repetition of the black days of 1873, and their introduction in a manner similar to what then occurred; and it would not take a great mis-direction of the tide of anti-disallowance feeling to materially aid in producing such an undesirable state of affairs. In the event of matters drifting into such a state, the ruin that would reach the North-west is something appalling to think upon. Old residents of Northern Dakota and Minnesota can remember how railway construction after 1873 was at a standstill for five years, and these now prosperous regions were a desolation. Old residents of the booming city of Fargo can point out business sites in that city now worth thousands of dollars, which were forfeited on mortgages of less than one hundred dollars. Even those who oppose disallowance for purely speculative ends would be heavy losers in such circumstances, and it is not impossible, some people say, for history to repeat itself.

LOOSELY-MADE CONTRACTS.

There is no class of men who have increased more rapidly in Winnipeg during the past six months than representatives of the legal profession, and yet it is difficult to find one of these who is not doing